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**SUBJECT:** Incentive Contracting

**REQUIREMENT FOR PROJECT:** Necessary for CIA to conform to Incentive Contracting procedures as established by the Armed Services Procurement Regulations, Department of Defense. The Director of Logistics initiated action in CIA.

**ACTION ACCOMPLISHED:** Several briefings have been given to different groups in the office of the Deputy Director for Support and elsewhere. One of the briefings in the office of the Deputy Director for Support was attended by the Executive Director, who approved of taking action to establish Agency policy essential to implement Incentive Contracting in CIA. Accordingly, the Director of Logistics forwarded to the Deputy Director for Support on 20 November 1963 a memorandum recommending the establishment of certain policies and attached thereto an Agency notice to be signed by the Deputy Director of Central Intelligence establishing such policies.

**FURTHER ACTION REQUIRED:** Approval of the above mentioned Agency notice by the Deputy Director for Support, Executive Director, and Deputy Director of Central Intelligence, and the signature by the latter is required for publication. It is desirable that action be taken as soon as possible as the Office of Logistics cannot proceed with certain actions that are necessary until the Agency notice on Agency policy has been signed and issued.

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**SUBJECT:** Termination and Settlement of Contract with [REDACTED]

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25X1A5a2 **REQUIREMENT FOR PROJECT:** The contract that was in existence with [REDACTED] was audited by the Audit Staff and the office of the Comptroller. As a result of these audits, the Assistant Deputy Director (Plans), on the recommendation of the Inspector General and others, has approved taking action to terminate the contract consisting of three (3) task orders.

**ACTION ACCOMPLISHED:** Mr. [REDACTED] Chief, TSD/Support Staff, wrote a memorandum for the Record dated 19 November 1963 (the Deputy Director for Support has a copy) which was a record of a meeting held in the office of the Assistant Deputy Director (Plans) on 14 November 1963. It reflects that the A-DD/P authorized (1) payment of certain October billings, and (2) the initiation of termination action by a representative of the Office of Logistics to the contractor, [REDACTED]

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25X1A5a2 **FURTHER ACTION REQUIRED:** Discussions have been held with Mr. [REDACTED] in regard to the technical production which TED expects to receive under 3 different task orders under subject contract. Mr. [REDACTED] has agreed that written instructions will be given to the Procurement Division, Office of Logistics, by Wednesday, 27 November 1963. Thereafter, termination and settlement action by the Office of Logistics will be taken and, if it is feasible from the standpoint of the contractor's records, final settlement will be effected by 1 February 1964. If, however, it becomes necessary for the contractor to go into either voluntary or involuntary bankruptcy proceedings, this date will have, of necessity, to be extended.

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